

## **SUBCOMMITTEE NO. 2**

## **Agenda**

**Byron Sher, Chair**  
**Sheila Kuehl**  
**Bruce McPherson**



**Thursday, March 27, 2003**  
**Upon Adjournment of Session**  
**Room 112**

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### **Resources--Environmental Protection—Public Safety—Energy**

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-324-9335. Requests should be made one week in advance whenever possible.

## 0552 Office of the Inspector General

The Office of the Inspector General has the responsibility for oversight of the state's correctional system through audits and investigations of the boards and departments within the Youth and Adult Correctional Agency. Chapter 969, Statutes of 1998 changed and expanded the role of the Inspector General and re-established the Office as an independent entity reporting directly to the Governor. In addition, Chapter 338, Statutes of 1998 requires the Office of the Inspector General to review Level 1 and Level 2 Internal Affairs investigations of the boards and departments within the Youth and Adult Correctional Agency.

<b>OIG – Summary of Program Expenditures</b>					
	(dollars in thousands)				
<b>Program</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>Change</b>	<b>Percent Change</b>
<b>Office of the Inspector General</b>	<b>\$ 10,906</b>	<b>\$ 8,781</b>	<b>\$ 7,700</b>	<b>-\$ 1,081</b>	<b>-12.3%</b>
<b>Authorized Positions</b>	<b>97</b>	<b>81</b>	<b>70</b>	<b>-11</b>	<b>-13.4%</b>

*Mid Year Reduction.* The mid year revision included a reduction of 7.5 vacant positions in the areas of management review audits, retaliation investigations, and administrative positions, and a total of \$695,000 related to the positions and for a reduction to out-of-state travel.

*Budget Request.* The budget proposes \$7.7 million for operations of the Office of the Inspector General (OIG), which is a decrease of \$1.1 million, or 12.3 percent below current year expenditures. This reduction is primarily due to the elimination of a total of 19 positions to reflect reductions in the number of audits and investigations to be performed as well as reductions in administrative staff.

*Workload.* The OIG reports the following workload.

- Complaints received increased from 1,572 in 2000 to 4,515 and 5,652 cases in 2001 and 2002, respectively.
- Investigation opened declined from 299 in 2000 to 181 in 2001. The number increased to 508 cases in 2002. 341 of the cases opened in 2002 were assigned to a newly instituted rapid response team, to address complaints involving urgent health and safety issues.
- Investigations closed increased slightly from 291 cases in 2000 to 306 cases in 2001. The number sent to 456 cases in 2002, which includes 290 rapid response cases.
- Five management review audit reports were issued in 2001 and three in 2002. A management review audit report of the Substance Abuse Treatment Facility was issued in January 2003 although the project was completed in 2002. Between two to three management review audits are anticipated for 2003.
- Six special review reports were issued in 2001 and ten in 2002. A special review report of the Board of Prison Terms was issued in January 2003. Again, the project was completed in 2002, but the report was held up pending the department's response. Between five to eight special reviews are anticipated for 2003.

**Proposed Reductions.**

*Budget Request.* The budget proposes to reduce 7.5 positions in the current year and a total 19 positions by the budget year, as shown in the table below.

<b>OIG – Proposed Reductions</b>				
<b>Unit</b>	<b>FY 2002-03</b>		<b>FY 2003-04</b>	
	<b>Positions</b>	<b>Dollars</b>	<b>Positions</b>	<b>Dollars</b>
Management Review Audits	2.7	\$235,000	5	\$449,000
Retaliation Investigations	4.3	438,000	10	1,028,000
Administration	.5	22,000	4	330,000
<b>Totals</b>	<b>7.5</b>	<b>\$695,000</b>	<b>19</b>	<b>\$1,807,000</b>

*Previous Reductions.* For the last several years the total budget for the OIG has decreased from nearly \$10.9 million and 97 positions in 2001-02 to a proposed \$7.7 million and 70 positions in the budget year. The major cuts include:

- Expiration of 10 limited term positions on June 30, 2002 -- \$704,000.
- Unallocated state operation reduction (Section 3.90) -- \$292,000.
- Reduction of 2.5 positions and closure of Southern California field offices -- \$366,000.
- A reduction of 9.4 positions -- \$1,000,000.

*Proposed Trailer Bill Language.* As part of the reduction proposal, the administration is proposing trailer bill language that would have the effect of reducing workload for the OIG. Under current law, the OIG is required to conduct management audit reviews of CDC wardens and CYA superintendents who have held their positions for more than four years, or upon the confirmation or appointment of a new warden or superintendent. The proposed trailer bill language removes these requirements and provides that the OIG may conduct management audit reviews. With respect to retaliation investigations, current law requires the OIG to commence an investigation within 30 days upon receiving a complaint of retaliation from an employee. The proposed trailer bill language removes the 30 day requirement and provides that the OIG may commence retaliation investigations.

*Staff Recommendation.* Staff recommends approval as budgeted.

## 0550 Secretary for Youth & Adult Correctional Agency

The Youth and Adult Correctional Agency (YACA) includes the Department of Corrections, Department of the Youth Authority, the Board of Prison Terms, the Youthful Offender Parole Board, Board of Corrections, Prison Industry Authority, the Narcotic Addict Evaluation Authority, and the Commission on Correctional Peace Officers' Standards and Training. The Agency provides communication, coordination, and budget and policy direction for the departments and boards.

*Budget Overview* - The total proposed budget for the Youth and Adult Correctional Agency is \$1.2 million, which is a decrease of \$53,000, or 4.2 percent, from estimated current year expenditures. Of this amount, General Fund support decreases by \$53,000 to a total of \$938,000. The remainder of the funding is from reimbursements. The proposed reductions include reductions in travel, general expense, and elimination of an executive assistant position. In addition to the authorized positions indicated below, YACA has borrowed four positions from CDC and CYA to perform its functions.

YACA – Summary of Program Expenditures					
Program	(dollars in thousands)			Change	Percent Change
	2001-02	2002-03	2003-04		
Secretary for Youth and Adult Correctional Agency	\$1,222	\$1,249	\$1,196	-\$53	-4.2%
Authorized Positions	11	11	10	-1	-9%

### Oversight of Departments within YACA.

The YACA's responsibility as parent agency is to provide budget and policy direction among the departments within the Agency, as well as to ensure coordination of resources and program.

In the last several years, a number of the departments within YACA have faced a number of high profile issues in the areas of lawsuits, structural budget shortfalls, effectiveness of treatment programs, and efficiency of operations.

*Lawsuits.* There have been a number of high profile lawsuits against CDC and CYA, including a suit to compel compliance with state laws requiring licensing of inpatient medical and mental health beds at the Youth Authority, a civil rights suit alleging inhumane, discriminatory and punitive conditions at the Youth Authority, and *Plata* inmate healthcare lawsuit at CDC.

*Structural Budget Shortfalls.* In the last three years, the CDC has had deficiencies of \$53.1 million, \$157.6 million, and \$249.4 million. These budget shortfalls occurred as a result of a number of factors including (1) higher than budgeted use of overtime, due largely to vacancies

and higher than budgeted use of sick leave, (2) unanticipated increased costs for pharmacy and contract medical services, and (3) workers' compensation claims.

*Effectiveness of Treatment Programs.* Based on a review of treatment programs at CYA, the LAO concluded that there is little evidence of program effectiveness, that programs are inefficiently administered, and that program accountability is lacking.

*Conditions of Confinement.* In response to investigations of the OIG and recommendations from Secretary Presley, the Governor directed YACA to conduct a comprehensive review of policies and procedures at the CYA. The Board of Corrections created a Technical Assistance Plan (TAP) to aid the CYA in improving conditions of confinement within its institutions. YACA was charged with ensuring that CYA implemented the recommendations and the proposed regulations in the TAP.

*Efficiency of Operations.* Public scrutiny, litigation, and legislative concerns have increased demand for additional funding to improve operations at the CYA. However, in the last seven years, the CYA has experienced dramatic reductions in its caseload, from more than 10,000 wards in 1996 to an estimated ward population of 5,095 by the end of the budget year. While CYA's population has declined by nearly 50 percent since 1996, that department's expenditures have failed to decline at a comparable pace. Expenditures have dropped by about 26 percent in inflation adjusted dollars over this period. As CYA's ward population has downsized, many fixed costs remain intact. As of November 2002, 24 living units were closed at CYA facilities. This policy prevents CYA from gaining any potentially significant savings associated with consolidation and forces the department to continue supporting its full infrastructure and overhead with a smaller budget. As CYA's ward population continues to drop, the average institution cost per ward (adjusted for inflation) has steadily risen from \$43,500 in 1996 to nearly \$66,000 by December 2002.

*Staff Comments.* The Subcommittee may wish to ask YACA what efforts it is making in these four areas to oversee the departments within its responsibility. Specifically, the Subcommittee may wish to ask the policy and budget direction that YACA is performing in the following areas:

- Regarding risk management assessments and other policies, in order to limit future lawsuits.
- In assisting CDC to monitor and overcome its structural budget deficiencies
- In implementation of the CYA's Technical Assistance Plan
- In improving the effectiveness of the CYA's treatment programs
- In reducing overhead expenditures at the CYA.

*Staff Recommendation.* Staff recommends approval as budgeted.

## 5430 BOARD OF CORRECTIONS

The Board of Corrections works in partnership with city and county officials to develop and maintain the standards for the construction and operation of local jails and juvenile detention facilities, as well as standards for the employment and training of local corrections and probation personnel. The board also disburses training funds, administers the allocation of funds to counties for the federal Violent Offender Incarceration/Truth-in-Sentencing Grant Program, the Juvenile Hall/Camp Restoration Program, the Mentally Ill Offender Crime Reduction Grant Program, and the Juvenile Crime Enforcement and Accountability Challenge Grant Project. In addition, the board regularly conducts special studies in penology and corrections.

<b>Board of Corrections - Source of Funds</b>					
<b>Program</b>	(dollars in thousands)				<b>Percent Change</b>
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>Change</b>	
General Fund	\$118,998	\$75,623	\$44,813	-\$30,810	-68.8%
Corrections Training Fund	18,458	19,623	2,401	-17,222	-87.8%
Federal Trust Fund	75,052	33,466	84,256	50,790	151.8%
Reimbursements	527	588	588	0	0.00%
<b>Totals</b>	<b>\$213,035</b>	<b>\$129,300</b>	<b>\$132,058</b>	<b>\$2,785</b>	<b>2.2%</b>

*Budget Overview* – The budget for the Board of Corrections (BOC) proposes total expenditures of \$132.1 million which is an increase of \$2.8 million, or 2.2 percent above estimated current year expenditures. This increase is due primarily to an increase in federal local assistance funding for grant awards for construction projects determined in previous years for which funds will be dispersed in the budget year. The General Fund portion of BOC's budget is proposed to decrease by \$30.8 million for a total of \$44.8 million. This reduction is due to construction grant funding from previous years that will be expended in the current year.

The proposed funding for state operations is \$8.2 million, which is a decrease of \$682,000 from the current year. The number of authorized personnel would decrease from 62 positions to 61 positions. The proposed local assistance budget is \$123.9 million, which is \$3.4 million greater than current year expenditures.

<b>Board of Corrections - Summary of Program Expenditures</b>					
<b>Program</b>	(dollars in thousands)				<b>Percent Change</b>
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>Change</b>	
Corrections Planning and Programs	\$143,338	\$106,953	\$126,922	\$19,969	18.7%
Facilities Standards and Operations	49,980	2,466	2,477	11	0.4%
Standards and Training for Local Officers	18,713	19,879	2,657	-17,222	-86.6%
Administration	325	333	333	0	0.0%
Distributed Administration	-325	-333	-333	0	0.0%
State-Mandated Local Programs	1,004	2	2	0	0.0%
<b>Totals</b>	<b>\$213,035</b>	<b>\$129,300</b>	<b>\$132,058</b>	<b>\$2,758</b>	<b>2.1%</b>
<b>Authorized Positions</b>	<b>67</b>	<b>62</b>	<b>61</b>	<b>1</b>	<b>-0.8%</b>

*Mid-Year Reductions.* The Legislature approved a reduction of \$70,000 and one position pursuant to Control Section 31.6.

*Budget Year Adjustments.*

- A reduction of \$176,000 and two positions related to the Local Juvenile Detention Facility Inspection Program.
- A reduction of \$70,000 and one position pursuant to Control Section 31.6.
- An increase of \$93,000 General Fund and one position to accommodate workload requirements for development of standards and procedures for criminal identification, specimen or sample collection, and use of force associated with enactment of Chapter 632, Statutes of 2000 (SB 1242, Brulte).
- Transfer of \$10.2 million from the Corrections Training Fund to the General Fund,
- A reduction of \$16.2 million from the Corrections Training Fund and elimination of the program that reimburses the cost of training of local correctional officers.

*Issues*

**Local Juvenile Detention Facility Inspection Program.**

*Budget Request.* The budget proposes a reduction of \$176,000 and two positions related to the Local Juvenile Detention Facility Inspection Program. To implement the reduction, the administration proposes budget trailer bill language to amend Welfare and Institutions Code Section 209 in order to delete the power of the board in enforcing local juvenile facility standards.

*Background.* Existing law requires the board to conduct a biennial inspection of facilities used to house minors. If the board deems that the facility is not being operated and maintained as a suitable place for confinement, the board can order that the facility not be used for confinement of minors until its condition is remedied.

*Issue.* The proposal would remove the board's power to enforce its own Juvenile Facility Standards affecting county juvenile halls and jails holding minors. More than 100,000 California children each year are booked into these facilities.. The board's standards affect staffing ratios, health services, food quality, environmental safety and other factors related to the welfare of all of these confined juveniles.

*Staff Comments.* The BOC indicates that under current law, 130 facilities statewide undergo inspections every two years, and that without this funding, it would not be able to accomplish the workload. Currently, both the BOC and juvenile court judges share the responsibility for ensuring that facilities meet the standards.

*Staff Recommendation.* Given the potential liabilities that local jurisdictions could face if the facilities do not meet standards, staff recommends the Subcommittee request staff, LAO, DOF, and the board to investigate the potential for recouping the costs for the inspections through fees.

## Corrections Training Fund Transfer to the General Fund and Fund Condition

*Background.* The Corrections Training Fund (CTF) provides funding to local agencies to offset the training costs of meeting training standards.

The CTF gets revenues from penalties on traffic violations. The amount derived from these assessments has been about \$12 million annually. As can be seen in the table below, annual expenditures have been growing from \$17.9 million in 2000-01 to an estimated \$19.6 million in the current year. Since 1998, an additional \$6.5 million has been transferred annually from the Driver Training Penalty Assessment Fund through Control Section 24.10 of the Budget Act. At the end of fiscal year 2000-01 the reserve for the CTF was \$6.6 million. Due to the state's fiscal condition, funding was not transferred through Control Section 24.10 in 2001-02, and is not being proposed to be transferred in the budget year. Instead those funds from the Driver Training Penalty Assessment Fund would be transferred to the General Fund.

*Proposal.* The budget proposes transfer of \$10.2 million from the CTF to the General Fund. As can be seen in the table below, revenues into this fund have been below expenditures for a number of years, with the fund having to depend on transfers from the Driver Training Penalty Assessment Fund to meet expenditures.

<b>Corrections Training Fund – Fund Condition</b>				
	<i>Expenditures (dollars in thousands)</i>			
	2000-01	2001-02	2002-03	2003-04
Prior Year Balance	\$5,839	\$6,596	\$244	\$78
After Adjustments				
Revenues	12,236	12,103	12,542	12,638
Transfers to General Fund	0	0	0	-10,164
Transfers from Driver Training Penalty Assessment Fund	6,500	0	6,915	0
Total Resources	24,575	18,702	19,701	2,552
State Operations Expenditures	2,352	1,774	2,387	2,401
Local Assistance Expenditures	15,582	16,684	17,236	0
Total Expenditures	17,934	18,458	19,623	2,401
<b>Reserve</b>	<b>\$6,641</b>	<b>\$244</b>	<b>\$78</b>	<b>\$151</b>

*Staff Comments.* Not approving the transfer would result in a loss of \$10.2 million from the General Fund. Staff notes that this issue is similar to issues raised at the March 6 hearing with respect to the Peace Officers' Training Fund, and is related to the next issue regarding the elimination of the local corrections training reimbursements.

*Staff Recommendation.* Staff recommends approving the proposal to transfer funds from the CTF to the General Fund.

**Elimination of the Corrections Training Reimbursements**

*Budget Request.* The budget proposes a reduction of \$16.2 million from the Corrections Training Fund and elimination of the program that reimburses the cost of training of local correctional officers.

The program reimburses local law enforcement agencies for travel, per diem, cost of replacement officers, and some tuition costs associated with sending correctional officers to training. In 2001-02 the board reimbursed local agencies a total of \$16.7 million, and is estimated at \$17.2 million in the current year. The BOC indicates that the program funds approximately one-third of the total costs associated with the training.

*Staff Comments.* Staff notes that the BOC indicates that without reimbursement through this program, local jurisdictions may not be able to meet the training standards.

*Staff Recommendation.* Due to the condition of the General Fund, staff recommends approval of this proposal.

## 5450 Youthful Offender Parole Board

The Youthful Offender Parole Board (YOPB) is the paroling authority for youths committed by the courts. First established by the Legislature in 1941, the Board consists of seven members, each of whom is appointed by the Governor and confirmed by the Senate for four year terms. The primary function of the YOPB is to recommend treatment programs, discharge of commitments, parole conditions for young offenders, revocation or suspension of parole, and the return of nonresident persons to the jurisdiction of the state of legal residence. It also gives each offender a classification based on category of offense.

<b>YOPB – Summary of Program Expenditures</b>					
<b>Program</b>	(dollars in thousands)			<b>Change</b>	<b>Percent Change</b>
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>		
<b>Youthful Offender Parole Board</b>	<b>\$3,389</b>	<b>\$3,281</b>	<b>\$3,287</b>	<b>\$6</b>	<b>0.2%</b>
<b>Authorized Positions</b>	<b>31</b>	<b>28</b>	<b>28</b>	<b>0</b>	<b>0%</b>

*Mid Year Reduction.* The Legislature approved a reduction of \$39,000 and one position as part of the mid-year revision. In addition, \$53,000 and one position was eliminated pursuant to Control Section 31.6.

*Budget Request.* The budget proposes total expenditures of \$3.3 million from the General Fund, an increase of \$6,000 or 0.2 percent from current year expenditures.

### Partial Year Funding Provided in the Current Year

Last year, the Legislature provided half year funding for the YOPB in the Budget Act, pending legislation to eliminate YOPB and transfer those responsibilities to the committing juvenile court. The Legislation was vetoed. SB 459 (Burton), contains funding for the remainder of the current year, and consolidates the YOPB within the Youth Authority, effective January 2004. This bill was approved in the Senate and is now in the Assembly.

*Staff Comments.* The YOPB indicates that it is continuing to have hearings but has scaled back certain operations due to lack of funding.

*Staff Recommendation.* The budget for YOPB will be significantly impacted depending upon the outcome of SB 459. Staff recommends withholding action at this time, pending the outcome of the consolidation bill.

## 5460 Department of the Youth Authority

The goals of the California Youth Authority (CYA) are to provide public safety through the operation of secure institutions, rehabilitate offenders, encourage restorative justice, transition offenders back to the community, and support local government intervention programs.

<b>Youth Authority -- Funding Sources</b>					
<b>Funding Sources</b>	(dollars in thousands)				<b>Percent</b>
<b>Program</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>Change</b>	<b>Change</b>
General Fund	\$357,844	\$354,596	\$336,757	-\$17,839	-5.0%
1988 County Correctional Facility Capital Expenditure and Youth Facility Bond Fund	288	58	0	-58	-100.0%
Lottery Education Fund	490	526	528	2	0.4%
Federal Trust Fund	957	1,456	1,472	16	1.1%
Reimbursements	74,097	69,611	75,285	5,674	8.2%
<b>Totals</b>	<b>\$433,676</b>	<b>\$426,247</b>	<b>\$414,042</b>	<b>-\$12,205</b>	<b>-2.9%</b>

*Budget Overview.* The Governor's Budget proposes expenditures of \$414 million, a decrease of \$12.2 million, or 2.9 percent from the current year. Of the total, \$336.8 million is General Fund, which is a decrease of \$17.8 million, or 5 percent below the current year. Of the General Fund appropriation, \$37.4 million is General Fund- Proposition 98, a decrease of \$326,000 from current year expenditures. Authorized positions are proposed to be 4,538, which would be a decrease of 183 positions from the current year. This reduction is primarily due to an estimated decrease in the ward population. The budget estimates that it will receive \$75.4 million in reimbursement in 2002-03. These reimbursements primarily come from fees that counties pay for the wards they send to the CYA.

*Ward Population Estimates.* The proposed budget estimates that the ward population will decrease by 105 (2 percent) below previous estimates for the current year to 5,340 on June 30, 2003. The budget is based on estimates that the ward population will decline by 245 wards in the budget year, resulting in a population of 5,095 by June 30, 2004. The ward population has reduced in recent years from 10,114 wards at the end of the 1995-96 fiscal year. Long range projections call for the institution population to stabilize in 2004-05 and then begin to increase again, reaching 5,520 by June 2007. The department will be releasing Spring population estimates with the May Revise which will likely include further downward reductions in the ward population estimates. Recent population numbers show that actual population is more than 260 wards below the current year budget assumptions.

*Parolee Population Estimates.* The proposed budget estimates that the parole population will decrease to 4,040 by the end of current year, and to decrease by 210 cases to 3,830 by June 30, 2004. The department attributes the expected decrease to the declining institution population that will result in fewer parole releases. The parole population has reduced in recent years from 6,249 at the end of the 1996-97 fiscal year.

<b>Youth Authority Program Expenditures</b>					
<b>Spending by Program</b>	<b>(dollars in thousands)</b>			<b>Change</b>	<b>Percent Change</b>
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>		
Institutions and Camps	\$326,135	\$318,575	\$315,728	-\$2,847	-0.9%
Parole Services	55,074	55,532	46,707	-8,825	-15.9%
Education Services	50,877	50,557	50,024	-33	-0.1%
Administration	28,417	29,569	27,271	-2,298	-7.8%
Distributed Administration	-26,827	-27,986	-25,688	-2,298	-8.2%
<b>Totals, All Programs</b>	<b>\$433,676</b>	<b>\$426,247</b>	<b>\$414,042</b>	<b>-\$12,205</b>	<b>-2.9%</b>
<b>Authorized Positions</b>	<b>4,701</b>	<b>4,721</b>	<b>4,438</b>	<b>-283</b>	<b>-6%</b>

### *Issues*

#### **Sliding Scale Adjustment.**

*Background.* Under current law, counties are required to share the cost of housing juvenile offenders in the CYA. For many years, counties paid a flat fee of \$25 per month per offender. Chapter 6, Statutes of 1996 (SB 681, Hurtt) made two major changes in the cost sharing arrangement. First, it increased the flat fee that counties pay from \$25 per month to \$150 per month to account for inflation. Second, it established a "sliding scale" fee structure which adjusts the amount that counties pay monthly based upon the classification of the juvenile offender.

The sliding scale legislation was intended to provide counties with a fiscal incentive to develop and use more locally-based programs for less serious juvenile offenders, thereby reducing their dependence on costly CYA commitments. This fee structure was modified somewhat by Chapter 632, Statutes of 1998 (SB 2055, Costa). This measure froze the per capita costs on which the sliding scale fees are based at the levels in effect on January 1, 1997 (\$2,600), thereby effectively capping the fees. Accordingly, counties pay 50 percent of per capita costs (\$1,300 per month) for category V commitments, 75 percent (\$1,950 per month) for category VI, and the full cost (\$2,600) for category VII commitments monthly. The monthly fee for category I – IV commitments remained at \$150.

*Budget Request.* The budget proposes an increase of \$7.1 million in reimbursements from counties and a corresponding savings in General Fund to adjust for inflation the County Sliding Scale Fee assessed to counties for commitments to the CYA. The administration proposes trailer bill language to implement this change.

The trailer bill legislation would adjust the monthly fee for category I – IV commitments from \$150 to \$176, category V from \$1,300 to \$1,521, category VI from \$1,950 to \$2,281, and category VII from \$2,600 to \$3,042 to account for inflation.

*Staff Recommendation.* Staff recommends withholding action at this time on the proposal. Staff notes that potential options that the Subcommittee may wish to consider include adjusting the fee to the actual per capita costs incurred by CYA (approximately \$60,000), and a juvenile justice realignment proposal recommended by the LAO.

**Correctional Treatment Center Beds**

*Background.* In May 2000, a lawsuit (*Morris v. Harper*) was brought against CYA for not complying with the state licensing requirements for inpatient medical and mental health beds. The lawsuit followed in the wake of news accounts of medical maltreatment of wards. The trial court ruled against the CYA stating that although the CYA had taken steps toward licensing three of its medical facilities, the licensing requirements were likely not to be completed without judicial intervention. The CYA appealed the decision arguing that it was actively seeking licensure. The appellate court rejected the arguments and upheld the decision of the lower court.

CYA's plans for licensure at 8 facilities and in their intensive treatment programs have been reduced to pursue licensing of 33 beds statewide at three facilities.

*Budget Request.* The budget proposes \$675,000 and 11 positions in the current year and \$1.4 million and 18.5 positions to meet mandates for the implementation and operation of CTCs at CYA. The proposal would fund 13 CTC beds at Heman G. Stark effective October 2002, 6 CTC beds at Ventura effective January 2003, and 14 beds at Northern California Youth Correctional Center (NCYCC) effective February 2004.

*Staff Comments.* Staff notes that the proposed beds at Stark which were scheduled to be operational in October 2002 are not yet operating as a CTC and are six months behind schedule for licensure.

*Staff Recommendation.* Staff recommends that the CYA provide the Subcommittee with an updated schedule for CTC licensure for the requested facilities, and provide an estimate for any savings resulting in the current year or the budget year from delays in the schedule.

**Closure Plan**

*Background.* As part of last year's budget package, legislation was adopted directing the Youth Authority to close one of its facilities by the end of 2003-04. The legislation also required the department to submit a plan by November 1, 2002 on the process for closing a total of three facilities. The Legislature's action was in recognition of the rapid population decline which the Youth Authority has experienced since 1996. The Legislature received the plan in January 2003.

*Issue.* In the last seven years, the CYA has experienced dramatic reductions in its caseload, from more than 10,000 wards in 1996 to an estimated ward population of 5,095 by the end of the budget year. While CYA's population has declined by nearly 50 percent since 1996, that department's expenditures have failed to decline at a comparable pace. Expenditures have dropped by about 26 percent in inflation adjusted dollars over this period. As CYA's ward population has downsized, many fixed costs remain intact. As of November 2002, 24 living units were closed at CYA facilities. This policy prevents CYA from gaining any potentially significant savings associated with consolidation and forces the department to continue supporting its full infrastructure and overhead with a smaller budget. As CYA's ward population

continues to drop, the average institution cost per ward (adjusted for inflation) has steadily risen from \$43,500 in 1996 to nearly \$66,000 by December 2002.

*Closure Response.* The CYA's response, which is not an endorsement or a proposal for facility closures, would occur in two phases. The first phase would close two facilities, the Ventura Youth Correctional Facility and the DeWitt Nelson Youth Correctional Facility in Stockton, by the end of the budget year. The second phase would close a third facility, Fred C. Nelles Youth Correctional Facility in Whittier, by June 2006. For the Ventura facility, the plan would only close the male portion of the facility. A portion of the facility would continue to operate with a female-only population.

The table below shows the fiscal impact of the closure plan. Staff notes that as provided, the plan would have budget year costs of \$2.6 million. To the extent that the facilities were closed prior to the last day of the fiscal year, there may be potential savings in the budget year from a facility closure.

Youth Authority Closure Plan— Fiscal Impact <sup>a</sup>				
2003-04 Through 2007-08 (In Millions)				
Year	Ventura	DeWitt	Nelles	Total
2003-04	-\$1.2	-\$1.4	—	-\$2.6
2004-05	3.2	1.8	—	5.0
2005-06	5.3	3.6	-\$2.8	6.1
2006-07	5.3	3.6	11.2	20.1
2007-08	5.3	3.6	14.3	23.2
<sup>a</sup> Savings (+) / costs (-).				

*Staff Comments.* No facility closures are currently contemplated in the budget. Staff notes that given the population decrease in the current year, it is likely that CYA will have to close additional living units in the current year.

*Analyst's Recommendation.* The LAO recommends that the Youth Authority report at budget hearings on the following: (1) the basis for the 405 day time frame for implementation of each of the two phases and (2) the feasibility of closing the Nelles facility prior to the DeWitt Nelson facility.

## English Learner Program

*Background.* In 1999, the Office of Civil Rights (OCR) within the U.S. Department of Education reviewed the English Language Learner program for its compliance with Title VI of the Civil Rights Act of 1964. The OCR found "significant compliance concerns." For example, it found that staff were not adequately trained to identify students who have a primary or home language other than English and that there was no overall structure or design to provide a core curriculum to English Language Learner students.

As a result, and in order to continue to receive federal funds, the state developed a Voluntary Resolution Plan to address the compliance issues. However, in 2001, OCR conducted a follow-up review of the CYA's compliance and noted significant concerns with the Youth Authority's implementation of the plan. Because OCR found continued noncompliance with Title VI, it required the CYA to submit a written action plan detailing how the deficiencies would be corrected, who would be responsible for implementing each action, the resources necessary for implementation, and the time frames for completion. The OCR indicated that when it is unable to obtain voluntary compliance, it is obligated to take steps to initiate its enforcement mechanisms, which can result in the loss of federal financial assistance (\$6.4 million in the budget year). The CYA submitted its proposed action plan in October 2002 and is waiting for approval of the plan from OCR.

*Budget Request.* The budget proposes a total of \$723,000 for this program in the budget year. In addition, the administration proposes \$1.1 million for a three-year plan to certify all Youth Authority teachers meet the needs of English Language Learners.

*Analyst's Recommendation.* The LAO raised concerns and recommended that the CYA report at budget hearings on the status of the action plan submitted to the federal government, and additional funding in the budget year and subsequent years for the program to comply with federal law.

### **Proposition 98 Funding**

*Background.* Unlike other school districts, the CYA is ineligible for most categorical sources of Proposition 98 funding and must rely on the funding it receives based on a ratio formula to cover almost all of the expenses for operating its accredited schools. The current student-teacher staffing ratios at CYA are:

Non-special education teachers -- 15:1  
Special education resource specialists -- 28:1  
Special education teaching assistants -- 35:1  
Emotionally Learning Handicapped Teacher -- 12:1  
Emotionally Learning Handicapped Teacher Assistants -- 35:1  
Language, Speech and Hearing Specialist -- 55:1

These staffing ratios have not changed in at least the last 20 years. For purposes of assumptions for special education needs, the proposal assumes 23 percent of the wards at CYA have identifiable special education needs. This assumption has also not changed recently, and may not accurately reflect the CYA's current population.

Serious questions have been raised about the quality of education services provided in CYA. For example, the Inspector General in a January 2001 audit of the Nelles facility found a shortage of teachers and qualified substitutes who are willing to work inside the facility. The teacher shortage is especially severe in special education. In addition, the audit found that the special

education services were severely compromised, with only between 38 and 77 percent of wards receiving adequate special education services. Similar findings resulted from the Inspector General's October 2000 audit of the Stark facility.

*Budget Request.* The budget proposes \$37.4 million in General Fund- Proposition 98 expenditures, a decrease of \$326,000 from current year Proposition 98 expenditures. Based on the existing formulas, the Proposition 98 funds would likely be reduced by \$500,000 at the May Revise due to population declines.

*Supplemental Report Language.* Last year, the Legislature adopted Supplemental Report Language directing the CYA to report on the methodology for determining the level of education funding in its caseload adjustments. The report, due November 1, 2002, has not been received by the Legislature.

*Staff Recommendation.* Staff recommends that the CYA report at the hearing on the status of the report and the reasons for its delayed release.

## **Treatment Programs**

*Analyst's Review.* Based on a review of treatment programs at CYA, the LAO concluded that there is little evidence of program effectiveness, that programs are inefficiently administered, and that program accountability is lacking.

*Analyst's Recommendations.* The LAO recommends (1) that the CYA standardize the content of its core treatment programs, (2) adoption of supplemental report language requiring the CYA to develop a plan for evaluating its core treatment programs, (3) that the CYA provide the fiscal committees with a list of programs they intend to continue after program consolidation has occurred, (4) adoption of supplemental report language that requires the CYA to develop written placement criteria for all core treatment programs, and (5) adoption of supplemental report language directing the Department of Finance to display treatment program expenditures in the Governor's budget document.

## **Research Unit**

*Budget Request.* The budget reduces the number of positions in the CYA's Research Unit from 25 positions to one position.

*Staff Comments.* Staff notes that the CYA is attempting to redirect resources to restore a minimum core for the Research Unit. That unit is responsible for population projections, tracking recidivism, program evaluation and other research.

*Staff Recommendation.* The Subcommittee may wish to ask for the rationale for reducing the research unit to one position, and its predicted impact on operations.

## **5460 California Youth Authority**

### ***Capital Outlay***

#### **Facility Condition Survey**

*Analyst's Recommendation.* The LAO notes that CYA's aging infrastructure, which ranges from 12 to 58 years old provides a particular challenge that should be addressed in a comprehensive way. The LAO recommends that the Legislature adopt supplemental report language directing the department to prepare and submit a facility condition survey by November 1, 2003.

*Staff Recommendation.* Staff recommends adoption of Supplemental Report Language.

#### **Mental Health Treatment Facilities**

*Analyst's Recommendation.* The LOA recommends that the Legislature adopt supplemental report language directing the department to provide by November 1, 2003 a mental health treatment program plan which includes identification of and cost estimates for any facility impacts. The report would include information such as, the types of facilities that are needed, program information regarding treatment protocols and estimates of the number of wards requiring treatment, and opportunities for reuse of facilities.

*Staff Recommendation.* Staff recommends adoption of Supplemental Report Language.